BEST AVAILABLE COPY

B3925-1

MANUFACTURED HOMES: THE MARKET FACTS

Important Answers From Owners of Manufactured Homes About Themselves and Their Homes

A nationwide study conducted by National Family Opinion, Inc. and sponsored by Foremost Insurance Company.

MANUFACTURED HOMES: THE MARKET FACTS

Important Answers From Owners of Manufactured Homes About Themselves and Their Homes

Sponsored By:
Foremost Insurance Company

TABLE OF CONTENTS

Introduction..... 1

Detailed Findings of the Study

Demographic Information..... 5

Attitudes and Opinions of MH Owners..... 9

Previous Residences and Future Plans.....11

Unit Information.....13

Location.....15

Purchase Information.....17

Finance Information.....19

Summary.....21

Methodology.....23

Appendix.....25

Introduction

For over 30 years Foremost Insurance Company has been the nation's leading mobile home insurance specialist, providing mobile home insurance products to meet the needs of mobile home owners and contributing to industry growth through innovative insurance and financing programs.

As the market leader, Foremost Insurance Company in 1979 determined the need for a comprehensive nationwide study of all mobile home owners. Until then, research about this growing segment of the American population had been limited to purchasers of new mobile homes.

Toward that end Foremost sponsored the first corporate study of all segments of the mobile home market. The study was done by National Family Opinion, Inc., an independent market research firm. Foremost's research was unique since it included all manufactured homes purchased new or used, regardless of the age of the home or where it was purchased.

The wealth of data from the 1979 study provided the industry with insights on existing mobile homes and the people who live in them. It became the foundation for Foremost Insurance Company's data base on the mobile home market. The data base allowed Foremost to analyze data for areas as small as counties (where the sample size was sufficient) and for specific segments of the market - such as recent buyers of new mobile homes.

Since 1979 the industry has changed and so has the market. Mobile homes are now called manufactured homes (MH) - a term more appropriate for an increasingly immobile form of housing. Mortgage rates as high as 17% have forced the American dream of home ownership to include new and often innovative alternatives. Further evidence of how the industry has matured is the availability of 30 year mortgages on some manufactured homes.

To document the changes that have occurred and provide the industry with a clear picture of the current marketplace, Foremost updated the 1979 data base with a second nationwide study of manufactured homeowners. Late in 1981, National Family Opinion, Inc. sent surveys to over 9,000 households in manufactured homes. The data compiled, tabulated and analyzed during 1982, is summarized in this report.

The information contained here encourages analysis of the nationwide market, rather than presenting a picture of an "average" homeowner - since the "average" really does not exist.

What is shown are market trends - who the buyers of manufactured homes are in the 1980's, where the market is heading, improvements in the way owners view their lifestyle, and their confidence in the quality of their home during the past three years.

This report may raise some questions while it answers others, but the research and the approach it takes in studying manufactured housing should be of lasting value to anyone with an interest in the manufactured housing market.

Demographic Information

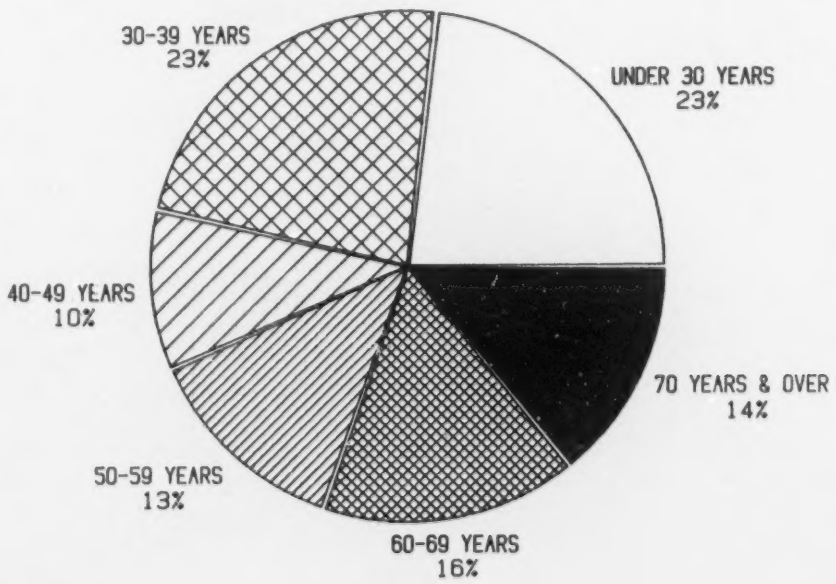
A primary objective of the NFO study is a better understanding of the owners of manufactured homes. The demographic information collected includes age, education, occupation, household and income information, which describes the "average" manufactured home owner. But does the "average" owner really exist? The distributions of the demographic characteristics begin to show the diversity of the market for manufactured housing.

Age

The average age of the head of household living in a manufactured home today is 47 years. As the distribution of age shows, however, only 10% of these individuals are actually between the ages of 40 and 49 - the range that contains the "average" owner. Owners of manufactured homes are predominantly less than 40 or 60 and over.

AGE OF HOUSEHOLD HEAD

PERCENT DISTRIBUTION



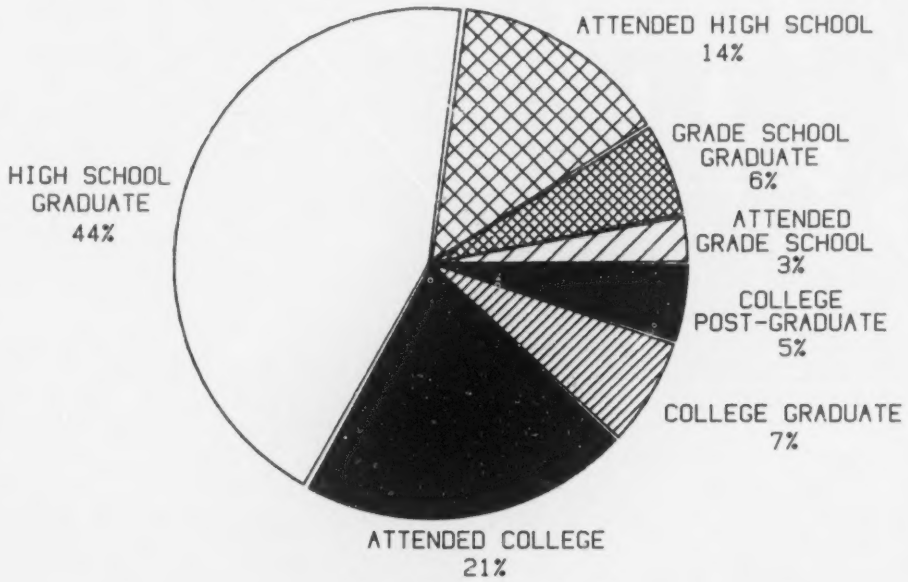
Education

In looking at education, once again we find averages are deceiving. Our study shows the median education level among the heads of household is 12.6 years of schooling.

The distribution provides a clearer picture of homeowner educational levels than the median. Fewer than 1 out of 4 household heads (23%) have less than a high school education while 1 in 3 (33%) have continued their education beyond high school.

EDUCATION OF HOUSEHOLD HEAD

PERCENT DISTRIBUTION

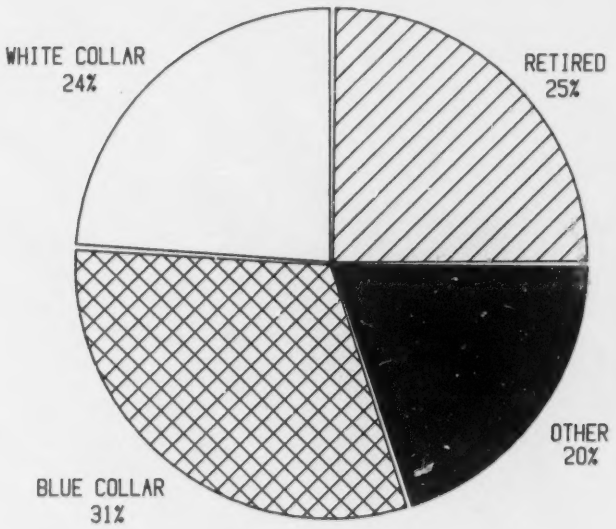


Occupation

About one out of every four owners of manufactured homes are employed in white collar occupations, while a similar percentage of the owners are retired. An additional 20% of the owners are employed in "other" occupations including service occupations, farming, and the armed forces. Only 31% of the owners are blue collar workers.

HEAD OF HOUSEHOLD OCCUPATION

1982 MH OWNERS



Household Types

The manufactured home households are mainly headed by a husband and wife (65%). Almost one in five (19%) households is a female living alone. The percentage of one or two member households living in manufactured homes has gone from 64% in 1979 to 62% in 1982 indicating a possible shift to more families living in manufactured homes.

DISTRIBUTION OF HOUSEHOLD TYPES

Household Designation	Percent
Husband and Wife	65%
Male (no wife); child and/or other relative present	0%
Female (no husband); child and/or other relative present	7%
Male Living Alone	6%
Female Living Alone	19%
Male Living With Non-Relative	1%
Female Living With Non-Relative	2%
Total Percentage	100%
Number Responding	7,011

Income

The median household income level for MH owners increased from $9,127 to $14,424, a 58% jump for 1982 over 1979. Interestingly, the median household income level of new mobile home buyers is actually higher than that of all U.S. households ($16,881 vs. $16,830)[1]. The trend is evident - more MH owners are white collar workers with higher incomes.

[1] Source: U.S. Department of Commerce, Bureau of the Census. 1980. Provisional Estimates of Social, Economic and Housing Characteristics (PHC80-S1-1).

Attitudes and Opinions of MH Owners

Manufactured home owners are generally more satisfied today with MH living than in 1979. As the table below shows, the level of satisfaction rose from an already high level in 1979 to the point where 90% of the owners today say they are somewhat or very satisfied with MH living.

SATISFACTION WITH MH LIVING

Level of Satisfaction	1979 Percent	1982 Percent
Very Satisfied	60%	60%
Somewhat Satisfied	26%	30%
Somewhat Dissatisfied	9%	7%
Very Dissatisfied	5%	3%
Total Percentage	100%	100%
Number Responding	4,282	6,964

Advantages of MH Living

When asked whether or not there are any advantages to MH living, 79% of the owners said there are advantages. The table below lists the major advantages of MH living cited by the respondents.

MAJOR ADVANTAGES OF MH LIVING

	Percent*
Less Upkeep Inside and Outside	42%
Less Expensive To Buy	31%
Compact/Space Well Utilized/Cozy	22%
Less Expensive To Maintain/Energy Efficient	22%
Economical/Less Expensive	16%
Movability	16%
Furnished/Instant House	7%
Low/No Taxes	7%
Fellowship/Activities/Neighbors	6%
Convenient	4%
Private/Quiet	4%
Number Responding	5,308

*Total exceeds 100% due to multiple responses.

Construction Quality

Almost two out of three (64%) MH owners say that the quality of construction today is better than it was five years ago. It is important to note, however, that 26% say that the construction quality of today is worse than what it was five years ago.

MF CONSTRUCTION QUALITY
TODAY VS. FIVE YEARS AGO

Comparison	Percent
Much Better Today	33%
Somewhat Better Today	31%
No Difference	10%
Somewhat Worse Today	20%
Much Worse Today	6%
Total Percentage	100%
Number Responding	6,732

Previous Residences and Future Plans

The average MH owner has owned or lived in a MH for eight years. As the tables below show, many of today's MH owners previously lived in a MH and an even greater percentage plan to remain living in a MH indefinitely.

PREVIOUS RESIDENCE TYPE

Residence Type	Percent
Site Built House	44%
Apartment	20%
Condominium	1%
Mobile Home	21%
Lived With Parents/Relatives	13%
Other	2%
Total Percentage	101%
Number Responding	6,964

NUMBER OF MH'S OWNED PRIOR TO PRESENT MH

Number	Percent
None	70%
One	21%
Two Or More	9%
Total Percentage	100%
Number Responding	6,978

PLANS FOR NEXT RESIDENCE

Next Residence Will Be...	Percent
Present MH	48%
Another MH	14%
Site Built House	28%
Other	6%
Do Not Know	4%
Total Percentage	100%
Number Responding	6,786

Those owners who do not plan to always remain in their present MH plan to stay in their homes for an average of four more years.

Unit Information

The median model year of all existing MH's nationwide is 1973. Not surprisingly, the years 1970 - 1974 which correspond to the boom years in MH production are represented by the largest percentage of existing mobile homes.

DISTRIBUTION OF MH MODEL YEAR

Model Year	Percent
Before 1960	2%
1960 - 1969	23%
1970 - 1974	41%
1975 - 1979	28%
1980 - 1982	6%
Total Percentage	100%
Number Responding	6,809

About one out of every five mobile homes (21%) is a double wide, and 18% of those surveyed have added rooms to their homes. Almost half (48%) of the MH's are tied-down and 15% have a woodburning stove.

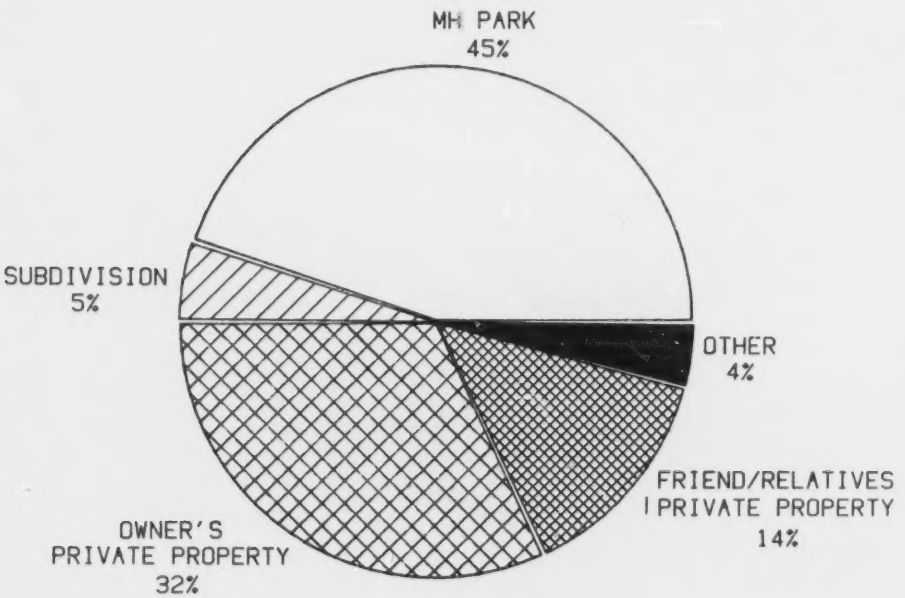
Exteriors of MH's are still predominantly sided with aluminium (94%), although 6% are sided with masonite or wood siding. The roofs on 10% of the mobile homes are shingled.

Location

Almost half (45%) of the mobile homes in existence are located in parks, a decline from the 48% in parks in 1979. The figure below indicates some shift toward subdivisions and other private property locations has occurred since 1979. In fact, 29% of all existing MH's are now located on plots greater than one acre. Note also that condominium parks are beginning to appear, although they are less than 1% of the total.

LOCATION OF MANUFACTURED HOMES

PERCENT DISTRIBUTION



For those MH's located in parks, the average monthly park space rental fee is $99. About two-thirds of the owners in parks rate their park manager as pretty good or excellent, as shown below.

RATING OF MH PARK MANAGER

Rating	Percent
Excellent	29%
Pretty Good	38%
Only Fair	20%
Poor	13%
Total Percentage	100%
Number Responding	3,236

Purchase Information

Year Purchased

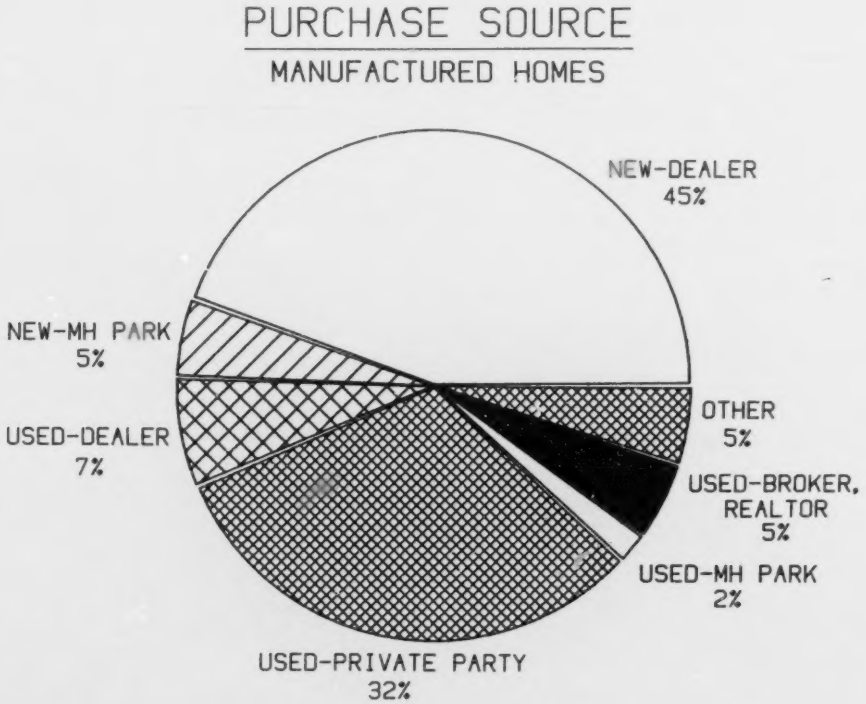
When the purchase information is considered, it is important to note the distribution of the year in which the homes were purchased. The median year of purchase is 1976.

DISTRIBUTION OF MH PURCHASE YEAR

Year	Percent
Before 1960	0%
1960 - 1969	10%
1970 - 1974	27%
1975 - 1979	49%
1980 - 1982	14%
Total Percentage	100%
Number Responding	6,616

Purchase Source

Half of all existing MH's were purchased new by their current owners as the figure below shows. Most of those were purchased from dealers, while used homes were purchased primarily from private parties.



Purchase Price, Resale Value

Owners were asked to give not only the purchase price of their MH, but to estimate its resale value as well. The average purchase price of all MH's nationwide is $11,737 while the average resale value is $14,151, reflecting the appreciation in MH values experienced in recent years. Further evidence of appreciation is found by comparing resale value to purchase price on an individual basis. According to their owners, more than half (57%) of the MH's have resale values higher than their purchase price. An additional 9% have resale values equal to their purchase price.

DISTRIBUTION OF MH'S BY PURCHASE PRICE

Purchase Price	Percent
Less Than $5,000	16%
$ 5,000 - $ 7,499	20%
$ 7,500 - $ 9,999	16%
$10,000 - $14,999	22%
$15,000 And Over	26%
Total Percentage	100%
Number Responding	5,759

DISTRIBUTION OF MH'S BY RESALE VALUE

Resale Value	Percent
Less Than $5,000	17%
$ 5,000 - $ 7,499	18%
$ 7,500 - $ 9,999	11%
$10,000 - $14,999	17%
$15,000 And Over	37%
Total Percentage	100%
Number Responding	6,202

Finance Information

Finance Sources

Almost two-thirds (65%) of the MH owners financed their purchase and 42% of all existing MH's are still being paid for by the owners. The table below shows the finance sources used by the MH owners.

MH FINANCE SOURCES

Source	Percent
Bank	55%
Finance Company	14%
Savings & Loan	11%
Credit Union	7%
Mortgage Company	4%
Friend/Relative	4%
FHA/VA	2%
Other	3%
Total Percentage	100%
Number Responding	4,224

Finance Terms

The average finance term for MH's has increased from 8 years in 1979 to 9 years in 1982, reflecting the trend toward longer term, more conventional loans now available for MH's. The median down payment is $1,897 and the median monthly finance payment is $162. Note the distributions shown below which indicate the effect the old, shorter term, lower cost loans have on the averages and medians.

DISTRIBUTION OF MH FINANCE TERMS

Finance Term	Percent
1 - 4 Years	18%
5 Years	12%
6 - 9 Years	21%
10 Years	22%
11 - 30 Years	26%
Total Percentage	99%
Number Responding	4,210

DISTRIBUTION OF MH DOWN PAYMENTS

Down Payment	Percent
Less Than $500	10%
$ 500 - $ 999	21%
$1,000 - $2,999	42%
$3,000 - $4,999	13%
$5,000 And Over	14%
Total Percentage	100%
Number Responding	3,147

DISTRIBUTION OF MONTHLY MH PAYMENTS

MH Payment	Percent
Less Than $150	45%
$150 - $249	41%
$250 - $349	10%
$350 - $449	3%
$450 And Over	1%
Total Percentage	100%
Number Responding	2,769

Summary

Research about the owners of manufactured homes reveals several important trends in who is buying manufactured homes and the type of homes they are living in. In addition to identifying the trends, the research provides a detailed look at market facts.

Perhaps the most important conclusion that can be drawn from this report is that the market is extremely diverse and complex. The manufactured housing market is also extremely dynamic and requires constant monitoring.

This report attempts to bring the industry one step further toward understanding the market. It encourages further analysis of the total market and its component parts rather than presenting non-existent averages.

Methodology

The study was conducted using National Family Opinion's (NFO) Household Sample. NFO has the largest mail consumer panel research facility in the United States. More than 230,000 cooperating households are used to make up the nationally representative panel and the reserve pool. These households have committed themselves to answer questions, without pay, and their complete demographic profiles are on file. These panels are rebuilt every two years using updated background information.

Five stratified demographic and geographic variables are used to construct NFO's balanced panels. They are: (1) geography, (2) population density, (3) age, (4) income, (5) size of household. Quotas used for these demographic controls are developed from the latest available United States Bureau of the Census data.

Out of the 230,000 cooperating households in NFO's panel and pool, 9,034 are mobile home owners and/or residents. Questionnaires were mailed to all 9,034 mobile home owners/residents during November, 1981. Of those surveyed, 7,011 returned completed questionnaires for a usable return rate of 78%. An additional 382 respondents (4%) returned their questionnaire but said they no longer own or live in a mobile home.

The study is subject to some limitations. First, it is limited by the use of the panel - as opposed to a random sample of MH owners. Since there is no countrywide list of all existing MH owners countrywide available for sampling, the panel offers the only available access to the entire existing market.

The findings presented in this report are also limited because they are nationwide results for the entire existing market. The data base contains information on the various market segments for virtually any level of geography down to individual counties. While that detail is beyond the scope of this report, the information can be accessed through a special data service. For more information contact the Marketing Research Manager of Foremost Insurance Company.

Appendix

NUMBER OF OWNERS RESPONDING IN EACH STATE